

# SENATE BILL REPORT

## SB 5784

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As Reported By Senate Committee On:  
Higher Education, February 19, 2007

**Title:** An act relating to excise taxation of required college instructional materials.

**Brief Description:** Exempting required college instructional materials from sales and use taxation.

**Sponsors:** Senators Shin, Delvin, Kilmer, Sheldon, Kohl-Welles, Marr, Kauffman, Berkey and Murray.

**Brief History:**

**Committee Activity:** Higher Education: 2/14/07, 2/19/07 [DPS-WM].

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** That Substitute Senate Bill No. 5784 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Kilmer, Vice Chair; Delvin, Ranking Minority Member; Berkey, Schoesler and Sheldon.

**Staff:** Aldo Melchiori (786-7439)

**Background:** Retail sales or use taxes are imposed on the retail sale or use of most items of tangible personal property and some services. The state collects a 6.5 percent tax on each retail sale in the state. In 2005, an additional tax of 0.16 percent was added to the retail sales tax to fund comprehensive performance audits. Retail sales of a motor vehicle incur an additional 0.3 percent tax. A 5.9 percent tax is also collected on each retail car rental. The use tax is imposed on the use of articles of tangible personal property, certain services, and extended warranties when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

**Summary of Bill:** Retail sales or use taxes do not apply to required college instructional materials sold by bookstores affiliated with an institution of higher education in the state if the materials are sold to enrolled students. The institutions develop a process of identifying required instructional materials. They may include textbooks, workbooks, standardized data, or prewritten computer software.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Higher Education):** The term "affiliated bookstore" is defined as a

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bookstore run by or in a contractual relationship with an institution of higher education in this state.

**Appropriation:** None.

**Fiscal Note:** Requested on February 6, 2007.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: All students have to make these purchases, so this is financial aid to the entire student body. The amount seems small, but for students it can be significant. Eighteen states have already adopted this exemption.

**Persons Testifying:** PRO: Senator Shin, prime sponsor; Ann Anderson, Central Washington University; Bryce Nekibba, Washington Student Lobby; Chris Reigelsperger, Washington Student Lobby.